

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01  
IO-13 DODE-00 PA-01 PRS-01 L-03 H-01 /106 W  
-----081905Z 075401 /42

R 081825Z MAR 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 6269  
INFO USMISSION OECD PARIS  
AMEMBASSY TOKYO  
AMEMBASSY LONDON  
AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 04144

E.O. 11652: GDS  
TAGS: EAID, IBRD, ADB, GW  
SUBJ: FRG COOPMIN OFFICIAL COMMENTS ON U.S. DECISION TO  
MAKE ITS IFI PLEDGES CONDITIONAL ON CONGRESSIONAL  
APPROPRIATIONS

REF: BONN 402

1. FOLLOWING UP ON REFTEL, ECON/COMM MINISTER SENT A  
LETTER TO STATE SECRETARY KOLLATZ OF ECONCOOPMIN BASED  
ON UNCLASSIFIED CURRENT FOREIGN RELATIONS ARTICLE  
(ISSUE NO. 6, FEB 9) DESCRIBING U.S. BUDGETARY PLANS  
FOR CONTRIBUTIONS TO THE INTERNATIONAL FINANCIAL  
INSTITUTIONS. IN REPLY E/C MINISTER RECENTLY RECEIVED  
A LETTER FROM KOLLATZ PRAISING THE STRONG U.S. SUPPORT  
OF THE IFI'S, BUT EXPRESSING "SERIOUS CONCERN"  
REGARDING THE NEW ADMINISTRATION'S ANNOUNCED INTENTION  
TO MAKE REPLENISHMENT COMMITMENTS SUBJECT TO ANNUAL  
APPROPRIATIONS BY CONGRESS. THE TEXT OF KOLLATZ'S  
LETTER FOLLOWS:  
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BEGIN TEXT: WITH GREAT INTEREST I TOOK NOTE OF THE  
INFORMATION CONTAINED IN YOUR LETTER DATED FEBRUARY 11,  
1977, FOR WHICH I SHOULD LIKE TO THANK YOU. THIS WAS  
A HELPFUL CONFIRMATION OF WHAT TRANSPIRED ALREADY FROM  
VARIOUS PRESS ARTICLES I HAVE SEEN DURING THE PAST  
FEW DAYS.

I FIND IT ENCOURAGING TO SEE THE NEW ADMINISTRATION STEER A COURSE WHICH OBVIOUSLY LEADS TO STRONGER SUPPORT OF THE MULTILATERAL FINANCE INSTITUTIONS INCLUDING BOTH THE WORLD BANK GROUP AND THE REGIONAL DEVELOPMENT BANKS. THESE INSTITUTIONS HAVE PLAYED A VERY USEFUL ROLE IN HELPING PROVIDE THE DEVELOPING COUNTRIES WITH PART OF THE FINANCIAL RESOURCES WHICH THEY NEED SO BADLY. ALSO MY GOVERNMENT IS DETERMINED TO CONTRIBUTE A FAIR SHARE TO THE CONSOLIDATION AND FURTHER EXPANSION OF THESE INSTITUTIONS.

IT IS FOR THIS REASON THAT MY GOVERNMENT HAS ALSO MADE THE NECESSARY PROVISIONS IN THE DRAFT BUDGET FOR 1977 FOR OUR PARTICIPATION IN THE SELECTIVE CAPITAL INCREASE OF THE WORLD BANK, THE GENERAL CAPITAL INCREASE IN THE IFC AND THE GENERAL CAPITAL INCREASE IN THE ASIAN DEVELOPMENT BANK. OUR POSITION TOWARDS A REPLENISHMENT OF IDA WAS ANNOUNCED BY MY MINISTER, FRAU SCHLEI, ON THE OCCASION OF HER VISIT TO WASHINGTON, IN THE COURSE OF WHICH SHE MET MR. MCNAMARA, AS YOU KNOW. THIS ANNOUNCEMENT, HOWEVER, WAS NOT AN UNCONDITIONED PLEDGE BUT WAS MADE SUBJECT TO A SATISFACTORY AGREEMENT ON IDA V AMONG ALL TRADITIONAL DONORS WHICH IS STILL LACKING. WE IN PARTICULAR EXPECT THE OTHER DONORS TO AGREE TO THE PRINCIPLE OF A FAIR BURDEN-SHARING. IN THE GIVEN SITUATION THIS MEANS THAT ALL DONORS MUST TAKE OVER THE PERCENTAGE SHARES DERIVED FROM THE IDA IV SCHEME. THIS APPLIES IN PARTICULAR TO THE MAJOR  
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DONORS.

IN THIS CONTEXT I SHOULD LIKE TO TAKE UP A SUBJECT WHICH IS CLOSELY LINKED TO THE WHOLE RANGE OF PROBLEMS CONCERNING THE MULTILATERAL FINANCE INSTITUTIONS. IT WAS WITH SERIOUS CONCERN THAT I LEARNED ABOUT THE NEW ADMINISTRATION'S INTENTION TO MAKE LONGER-TERM COMMITMENTS TO THESE INSTITUTIONS IN FUTURE ONLY SUBJECT TO ANNUAL APPROPRIATIONS BY THE CONGRESS. THIS MAY PUT OTHER DONORS IN A VERY DIFFICULT POSITION. BY DOING SO THE USA IN FACT WOULD DEPART FROM A WELL ESTABLISHED PRINCIPLE OF THE PAST, I.E. TO MAKE REPLENISHMENT COMMITMENTS ON A THREE YEAR BASIS RATHER THAN TO DECIDE UPON CONTRIBUTIONS ON A YEAR-BY-YEAR BASIS.

WE FEEL VERY STRONGLY THAT A NEW PROCEDURE OF THIS KIND IF ENVISAGED BY YOUR ADMINISTRATION MIGHT JEOPARDIZE FUTURE REPLENISHMENT EFFORTS AND WILL IN

THE LONG RUN BE DETRIMENTAL TO ANY REPLENISHMENTS OF

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IO-13 DODE-00 PA-01 PRS-01 L-03 H-01 /106 W  
-----081906Z 075433 /45

R 081825Z MAR 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 6270  
INFO USMISSION OECD PARIS  
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C O N F I D E N T I A L SECTION 02 OF 02 BONN 04144

FINANCIAL INSTITUTIONS AT ALL. WITH SUCH A RESERVATION  
IT WILL NO LONGER BE POSSIBLE TO REACH AGREEMENT AMONG  
DONORS ON APPROPRIATE VOLUMES OF RESOURCES TO BE MADE  
AVAILABLE TO THOSE INSTITUTIONS, IF OTHER DONORS  
CANNOT BE SUFFICIENTLY SURE THAT A MAJOR CONTRIBUTOR  
WILL REALLY BE MEETING HIS OBLIGATIONS. IN THAT  
CASE ALL EFFORTS TO ARRIVE AT A REASONABLE SCHEME FOR  
BURDEN-SHARING FOR A MULTI-YEAR PERIOD WOULD BE  
POINTLESS AND WE MAY WELL END UP WITH ANNUAL PLEDGES  
DEPRIVING THOSE INSTITUTIONS OF A MULTI-YEAR  
COMMITMENT AUTHORITY AND BY THE SAME TAKEN OF THE  
BASIS FOR SOUND LONG-TERM PLANNING.

THIS IS ALL THE MORE DEPLORABLE SINCE THE INSTITUTIONS  
AFFECTED ARE IN THE FIRST PLACE THOSE WHICH PROVIDE  
FINANCIAL ASSISTANCE ON CONCESSIONAL TERMS FOR THE  
BENEFIT OF THE POORER COUNTRIES. IN PARTICULAR IDA  
IS AFFECTED BY THESE DIFFICULTIES AND THE AGREEMENT  
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ON IDA V IS SERIOUSLY ENDANGERED, IF YOUR GOVERNMENT  
IS REALLY GOING TO APPLY THIS AS A NEW PROCEDURE.

THEREFORE, WE SHALL STRONGLY APPEAL TO THE NEW  
ADMINISTRATION TO RECONSIDER ITS POSITION IN THE LIGHT  
OF THE RISKS INVOLVED AND TO FALL BACK AGAIN ON THE  
FORMER PRACTICE, I.E. TO SIGN AGREEMENTS ON THREE-YEAR  
REPLENISHMENTS WITHOUT ANY QUALIFYING ESCAPE CLAUSE  
SO AS TO MAINTAIN, LEGALLY SPEAKING, EQUAL FOOTING FOR  
ALL DONORS. END TEXT.

2. UNLESS INSTRUCTED TO THE CONTRARY ECON/COMM MIN  
INTENDS TO MAKE THE FOLLOWING POINTS IN REPLY TO  
KOLLATZ.

-- CONGRESSIONAL RESISTANCE TO MULTI-YEAR  
APPROPRIATIONS IS NOT A NEW ISSUE.

-- THE NEW ADMINISTRATION, IN SEEKING TO RESOLVE  
SOME MAJOR FOREIGN AID ISSUES WITH CONGRESS, HAS  
DECIDED TO ACCEPT CONGRESSIONAL VIEWS THAT US PLEDGES  
BE MADE SUBJECT TO APPROPRIATIONS.

-- IN ANY EVENT, LITTLE PRACTICAL DIFFERENCE WILL  
RESULT FROM THIS CHANGE SINCE CONGRESS HAS ALWAYS  
INSISTED ON ANNUAL APPROPRIATIONS.  
CASH

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT BUDGET, DEVELOPMENT BANKS, INTERNATIONAL ORGANIZATIONS, FINANCIAL CONTRIBUTIONS  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Litigation Codes:**  
**Litigation History:**  
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**Message ID:** b83981bc-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 BONN 402  
**Retention:** 0  
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**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FRG COOPMIN OFFICIAL COMMENTS ON U.S. DECISION TO MAKE ITS IFI PLEDGES CONDITIONAL ON CONGRESSIONAL APPROPRIATIONS  
**TAGS:** EAID, GE, IBRD, ADB  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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22 May 2009  
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